

Message Text

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TO USDEL SECRETARY PRIORITY

S E C R E T STATE 181656 TOSEC 080235

NODIS

E.O. 11652:GDS

TAGS: OVIP (KISSINGER, HENRY A.)

SUBJECT: DAILY ACTIVITIES REPORTS FROM PRINCIPALS FOR
THURSDAY, JULY 31, 1975

FOR THE SECRETARY FROM ROBERT S. INGERSOLL

AT THE PRINCIPALS AND REGIONALS STAFF MEETING, GEORGE
VEST AND PHIL HABIB DISCUSSED THE DIFFICULTY WE ARE
HAVING GETTING DOD TO RELEASE VIETNAM-RELATED EQUIPMENT.
MUCH OF WHAT WE HAD HOPED TO PASS TO THIRD COUNTRIES IS
DISAPPEARING INTO OUR OWN MILITARY INVENTORIES.

I SPENT TWO HOURS IN OPEN SESSION BEFORE DANTE FASCELL'S
SUBCOMMITTEE TO RESPOND TO THEIR QUESTIONS ABOUT THE
MAYAGUEZ INCIDENT. THE ANNOUNCED SUBJECT OF THE
INVESTIGATION IS CRISIS MANAGEMENT, BUT AS EXPECTED
THE MEMBERS QUICKLY ZEROED IN ON THE NSC DELIBERATIONS.
I DESCRIBED MECHANICS BUT DECLINED TO DISCUSS SUBSTANCE
EXCEPT IN VERY BROAD TERMS. FASCELL STUCK REASONABLY
CLOSE TO THE ANNOUNCED SUBJECT THOUGH HE ASSERTED THE
VIEW THAT EXECUTIVE PRIVILEGE SHOULD NOT EXTEND TO
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NSC DELIBERATIONS. RIEGLE SUGGESTED THE PRESIDENT
ACTED HASTILY IN TURNING TO FORCE. BUCHANAN MADE A
VIGOROUS AND HELPFUL REBUTTAL TO RIEGLE AND WINN WHOSE
REMARKS IMPLIED THE PRESIDENT SHOULD WEIGH LIVES IN
JEOPARDY AGAINST LIVES THAT MIGHT BE JEOPARDIZED IN

LIFE-SAVING ATTEMPTS. THE COMMITTEE PLANS TO CONTINUE ITS INQUIRY WITH DEFENSE DEPARTMENT WITNESSES, THOUGH I EXPECT WE WILL BE HEARING FROM THEM AGAIN AS WELL.

TOGETHER WITH GEORGE VEST, I GAVE SENATORS RIBICOFF AND GLENN A STATUS REPORT ON OUR DEALINGS WITH NUCLEAR SUPPLIERS. THEY WERE APPRECIATIVE AND SEEMED SATISFIED. RIBICOFF IS PLANNING A TRIP TO EUROPE IN THE COMING MONTH TO TALK TRADE, BUT INDICATED HE PLANS TO MENTION OUR STRONG INTEREST IN NUCLEAR SUPPLIERS' COOPERATION WHEN HE CALLS ON GISCARD AND SCHMIDT.

I WORKED WITH CLINGAN AND SY WEISS (BY TELEPHONE) TO TRY TO HEAD OFF A CONFRONTATION WITH THE BAHAMAS ON LOBSTER FISHING.

I MET WITH TOM CORCORAN, WHO IS GOING TO REPLACE CHRIS CHAPMAN IN LAOS NEXT WEEK, AND TOLD HIM WE WANT HIS RECOMMENDATIONS ON THE FUTURE COURSE OF RELATIONS WITH THE PGNU. I ALSO ASKED THAT HE TAKE A HARD LOOK AT WHETHER THE SIZE OF THE MISSION COULD BE REDUCED FURTHER.

I LUNCHEONED WITH THE SENEGALESE AMBASSADOR TODAY AS ANOTHER IN MY CONTINUING SERIES OF LUNCHEONS WITH THE AFRICANS, TAKING THE OPPORTUNITY TO ENCOURAGE THEIR SUPPORT AT THE SPECIAL SESSION AND ON THE KOREAN ISSUE AT UNGA. COULBARY SAID SENGHOR HOPES TO VISIT THE US AGAIN PRIVATELY NEXT YEAR (IN CONNECTION WITH THE BICENTENNIAL), AND ASKED OUR SUPPORT FOR THE SENEGAL RIVER VALLEY DEVELOPMENT SCHEME.

ALSO DURING THE DAY: COURTESY CALL BY AMBASSADOR-DESIGNATE HERB SPIRO (CAMEROON AND EQUATORIAL GUINEA).

TOMORROW: MEETING WITH CONGRESSMAN DIGGS ON AFRICA AND MEETING WITH PAKISTANI AMBASSADOR YAQUB.

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FROM UNDER SECRETARY ROBINSON.

AT THIS MORNING'S EPB MEETING THE DISCUSSION FOCUSED ON THREE AVIATION PROBLEMS: DOMESTIC REGULATION, THE FINANCIAL PROBLEMS OF THE AIRLINES AND THE INTERNATIONAL AVIATION POLICY REVIEW. MORE WORK IS NEEDED ON EACH AND A DECISION SHOULD BE REACHED IN THE MIDDLE OF AUGUST.

I MET WITH BILL SEIDMAN, JIM LYNN, PAUL MACAVOY AND DEANE HINTON AS A FOLLOW-UP TO OUR JULY 24 LUNCHEON DISCUSSION ON RUSSIAN GRAIN AND OIL PRICE INCREASE. WE EXPECT TO HAVE PAPERS ON THESE ISSUES BEFORE OUR NEXT LUNCHEON MEETING ON FRIDAY, AUGUST 8.

THE JAPANESE AMBASSADOR CAME IN TO DISCUSS THE AID TO EGYPT PROPOSAL. A SEPARATE CABLE REPORTING ON THAT MEETING HAS BEEN SENT TO YOU. I ALSO MENTIONED OUR GROWING CONCERN OVER REDUCED PRICE IMPORTS OF JAPANESE STEEL WHICH WAS CREATING SERIOUS PROBLEMS FOR THE US STEEL INDUSTRY.

AMBASSADOR-DESIGNATE CURLEY CAME IN FOR A COURTESY CALL BEFORE DEPARTING FOR DUBLIN.

I MET WITH SENATOR DICK CLARK AT HIS REQUEST TO DISCUSS INTERNATIONAL GRAIN RESERVES AND FOOD SUPPORT FUNDS. WE ALSO DISCUSSED THE PROSPECTS FOR CONGRESSIONAL SUPPORT FOR \$200 MILLION FOR THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT WHICH HE FELT WERE FAVORABLE BUT HE WOULD CHECK FURTHER IN BOTH THE SENATE AND THE HOUSE TO GET A BETTER READING ON THIS ISSUE.

WIN LORD AND SAM LEWIS CAME IN BRIEFLY TO TALK MORE ABOUT OUR POLICY TOWARDS LDC'S.

CARL MAW MET WITH ME TO DISCUSS LEGAL ASPECTS OF SOME OF OUR INTERNATIONAL COMMERCIAL RELATIONS.

FROM T - CARLYLE E. MAW

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ATTENDED STAFF MEETING.

AT D/LOS STAFF MEETING, DISCUSSED SUBSTANCE OF LOS PORTION OF YOUR ABA SPEECH AND REVIEWED TOPICS TO BE DISCUSSED BY ME IN MY BRIEFING OF THE ECONOMIC POLICY BOARD EXECUTIVE COMMITTEE TOMORROW ON LAW OF THE SEA.

CONFERRED THROUGHOUT THE DAY WITH TOM CLINGAN ABOUT THE TOUCHY SITUATION BREWING OVER THE BAHAMIAN FISHERIES DECREE WHICH GOES INTO EFFECT TOMORROW AND PROHIBITS OUR FISHERMEN FROM TAKING LOBSTERS FROM THE BAHAMIAN CONTINENTAL SHELF. THE BAHAMIANS HAVE AGREED TO BEGIN NEGOTIATIONS ON AUGUST 13 WHICH ALSO SHOULD SATISFY THE LONGSHOREMEN'S UNION WHICH WAS THREATENING TO BOYCOTT ALL SHIPS TO AND FROM THE BAHAMAS IF A DATE WAS NOT FIXED. WE ARE ALSO ATTEMPTING TO OBTAIN BAHAMIAN AGREEMENT TO A MORATORIUM ON ENFORCEMENT OF THEIR DECREE PENDING NEGOTIATION OF AN AGREEMENT.

I HAD LUNCHEON WITH STUART FRENCH OF DOD AT MY INVITATION TO DISCUSS LOS ORGANIZATIONAL AND PERSONNEL MATTERS.

MET WITH LAWYERS REPRESENTING ADNAN KHASHOGGI AND TRIAD CORPORATION, AT THEIR REQUEST. THEY WANTED CLARIFICATION

AS TO THE POSITION OF THE SAUDI ARABIAN GOVERNMENT ON AGENCY FEES FOR FMS TRANSACTIONS AND A STATEMENT OF THE STATE DEPARTMENT POLICY. I SAID IT WAS OUR CLEAR UNDERSTANDING THAT THE SAUDI ARABIAN GOVERNMENT WOULD PAY NO AGENTS' FEES ON FMS TRANSACTIONS. I SAID THAT OUR POLICY NOW AND IN THE FUTURE WOULD BE TO ENCOURAGE DOD TO REQUIRE FULL DISCLOSURE ON ALL AGENTS' FEES TO FOREIGN GOVERNMENTS, LEAVING IT UP TO THE FOREIGN GOVERNMENT TO APPROVE THE FEE. THEY ALSO ASKED FOR CLARIFICATION OF STATEMENTS WE HAD MADE TO NORTHROP IN THIS CONNECTION.

DISCUSSIONS WITH CHUCK ROBINSON RE VARIOUS PENDING MATTERS.

TOMORROW: ECONOMIC POLICY BOARD MEETING.

FROM EAGLEBURGER
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THE PRIORITIES POLICY GROUP (PPG) BEGAN TO EXERCISE "THE CENTRAL ROLE IN FORMULATING THE DEPARTMENT'S ANNUAL BUDGET", ACCORDED IT IN YOUR JUNE 27 SPEECH, BY ARRANGING FOURTEEN SESSIONS DEVOTED TO REVIEWING MAJOR ISSUES IN THE FY-77 BUDGET REQUESTS WITH TWELVE ASSISTANT SECRETARIES OR BUREAU DIRECTORS DURING THE PERIOD JULY 18-30. THEY PRODUCED A NUMBER OF GENERAL CONCLUSIONS WHICH I HAVE FORWARDED BY MEMORANDUM TO DEPARTMENT BUDGET OFFICIALS FOR GUIDANCE DURING THE DETAILED BUDGET HEARINGS WITH THE BUREAUS SCHEDULED FOR AUGUST. IN THE SAME MEMORANDUM, I HAVE ASKED THE A BUREAU TO REPORT ON THESE MAJOR ISSUES BY SEPTEMBER 1, WHEN THE PPG UNDERTAKES A FINAL REVIEW OF THE 1977 BUDGET AND MAKES SPECIFIC RECOMMENDATIONS TO YOU.

IN OPENING REMARKS TO EACH OF THE BUDGET REVIEW SESSIONS, I TOLD BUREAU REPRESENTATIVES THAT THE DEPARTMENT HAD TO PLAN TO LIVE WITHIN ITS FY-76 POSITION CEILING AND THAT BUREAUS SHOULD PLAN TO REPROGRAM FROM EXISTING RESOURCES TO MEET THEIR FY-77 REQUIREMENTS. THE PPG HAS THE DIFFICULT TASK TO MAKE DETERMINATIONS ABOUT REPROGRAMMING AMONG BUREAUS TO MEET PRIORITY NEEDS.

THE MAJOR ISSUES EMERGING FROM THE BUDGET REVIEW SESSIONS CAN BE SUMMARIZED AS FOLLOWS:

1. THE DEPARTMENT'S EXPERTISE IN SUCH FUNCTIONAL AREAS AS ENERGY, FOOD AND STRATEGIC MATERIALS MUST BE ENHANCED AND DUPLICATION BETWEEN REGIONAL AND FUNCTIONAL BUREAUS REDUCED;
2. THIS EXPERTISE CAN BE MET BY INCREASED TRAINING OF FSO'S, BY DRAWING ON EXPERTISE FROM OTHER DEPARTMENTS (BUT

RETAINING STATE CONTROL OF THE FUNCTIONS), AND BY USING SPECIALISTS IN OTHER AGENCIES;

3. THE MIDDLE EAST AND PERSIAN GULF AREAS OF THE NEA BUREAU NEED STRENGTHENING. EA AND ARA, ON THE OTHER HAND, ARE POSSIBLE SOURCES OF POSITIONS FOR REPROGRAMMING.

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4. EUR CAN MEET ITS NEEDS BY REPROGRAMMING FROM ITS LARGEST POSTS;

5. EA SHOULD CONSIDER REDUCING THE SIZE OF MISSIONS SUCH AS BANGKOK WHERE OUR MILITARY PRESENCE IS DECLINING;

6. GREATER CONTINUITY IS ESSENTIAL IN SELECTED POLICY AND BUDGET POSITIONS IN SEVERAL BUREAUS AND OFFICES;

7. MORE ATTENTION SHOULD BE GIVEN TO MEETING INCREASED DEMANDS FOR CONSULAR AND COMMERCIAL SERVICES.

8. ALL PROPOSED POST OPENINGS IN FY 1976 AND 1977 WILL BE REEXAMINED AND PRIORITIES IDENTIFIED.

THESE PRELIMINARY CONCLUSIONS WILL BE FURTHER REFINED IN THE FINAL BUDGET PPG REVIEW PROCESS SCHEDULED FOR EARLY SEPTEMBER.

I HAVE MADE ANOTHER FIRM REPLY TO ALLEGATIONS THAT YOU ORDERED JEWISH EMPLOYEES TO WORK ON THE HIGH HOLIDAYS.

I APPROVED THE CLASSIFICATION OF THE CHIEF OF MISSION POSITION AT LOURENCO MARQUES AS CLASS IV.

I APPROVED AN AFFIRMATIVE ACTION PLAN FOR DISABLED VETERANS.

I CONTINUE TO ANSWER CONGRESSIONAL AND OTHER INQUIRIES/ PROTESTS ON THE RESIGNATION OF DIXY LEE RAY AND THE DEPARTMENT'S "FAILURE" TO MEET CONGRESSIONAL DIRECTIVES IN SCIENCE, OCEANS AND ENERGY MATTERS.

I HAVE REFUSED TO APPROVE A REQUEST TO RELEASE CERTAIN PRESIDENTIAL CORRESPONDENCE TO THE GERMAN GOVERNMENT FOR USE AS PROSECUTION EVIDENCE IN THE GUILLAUME CASE. I HAVE ASKED THAT THIS BE EXPLAINED TO SCOWCROFT. INGERSOLL

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